

December 28, 2001

TO: Gloria Blue

FROM: Rick Rotter

This letter to the Trade Policy Subcommittee, contains written comments and responses to the in-progress Section 201 import trade action. As well, We, Kopo International, wish to meet with the Trade Policy Subcommittee. This meeting is being requested by Mr. Richard Rotter and Mr. Steven Cucich. Both are principles in Kopo International and both will attend the meeting. At this meeting we wish to discuss the impact of 201 remedies on our US based business as it pertains to Tool Steel Round products in Cold-work and hot-work steels. As well, we wish to discuss exclusions for tooling applications in 420 stainless, 17-4 stainless, 4140, 4150 and 4340 alloy rounds which are used in tool and mold applications. In stainless steels, specifically rounds we wish to discuss the impact on our business in ferritic and martensitic stainless grades which have limited production domestically. We hope to schedule this meeting with Mr. Andrew Stevens at the earliest possible convenience.

Kopo International is a US-based Specialty Metals Master Distributor and Metals Depot. We have 3 stocking locations in the United States and have had a presence in the US Market for the last 11 years. Our initial market strategy was formulated on the basis that there was no domestic supplier or service centre would could offer just in time delivery on specialty Tool Steel Rounds. Specifically, there was no entity that could provide rounds under 8" dia in cold work, hot work and mold steels domestically.

We now provide this service through imports from one country and sell to the various market sectors at prices much higher than regular direct sale imports. We presently sell to a number of major service centres in the USA including:

- Crucible Service Centres (34 branches)
- Alro (20 branches)
- Cincinnati Tool Steel (3 branches)
- Tool Steel Service (4 branches)
- Timken-Latrobe Service Centres
- Susini Specialty Steel
- Steel Industries (3 branches)
- Lindquist Steel (4 branches)
- Summerville Steel (3 branches)
- Alloys Unlimited
- Leed Steel (3 branches)
- Buffalo Precision
- Precision-Kidd Steel
- Unalloy

Thyssen Service Centres

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Ashley Metals
Kreher Steel
Progressive Alloys
Walter Metals

These customers represent 80% of the tool steel sold in the United States in grades A2, D2, H13, 01, S7, A6, P20, 420XL, D3, A8MOD, etc. We have long established supply agreements, in some cases we are the only or prime supplier to the above customers. There is no viable producer of these products in the United States to supplement production and thus, these major service centres which employ thousands of people would not be able to provide a full line of products.

As such, our US-based business would be forced to close because of no viable domestic source. For this reason, more than any other, we feel that Tool Steel rounds in Hot-work, Cold-work, and mold steels along with true rolled flats should be exempt from any action under 201 or 203 trade actions.

As well, pertaining to stainless rounds we feel that non-austenitic grades such as 410, 4420, 440C, 17-4, 416 should be exempt from any trade remedy because of the following:

- i) Domestic producers have not been able to produce product to required specifications in certain size ranges (ie 410 QDT, 17-4 DH1150)
- ii) Domestic mills treat these products as specials and require large minimums to produce.
- iii) Domestic mills have had restrictive policies on who they would sell to and have shut out certain domestic customers on these products.

We at Kopo have developed import business in stainless rounds, for the above reasons and sell to major service centres such as:

EMJ
Samuel Specialty
Energy Steel
US Alloys
Kreher Steel

If the stainless rounds in 400 series, 17-4 were not exempt from trade action then the oil-patch fabricators in Texas, the petro-chemical industry and shafting industry would not be able to locate material to meet their requirements. Our business at Kopo fills this need using imports.

We hope you seriously review our concerns and would certainly look forward to a meeting where further details could be discussed.

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We recognize that certain aspects of the Domestic Steel business needs help but volume restraints and tariffs are not the answer. All these would do is make the US OEM or end users uncompetitive versus their world competition.

We thank you in advance for your consideration of our concerns in this matter.

Sincerely,

Rick Rotter
Kopo International